OHS CONNECTICUT Office of Health Strategy
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TESTIMONY PRESENTED TO THE INSURANCE COMMITTEE
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Testimony Supporting Governor's Bill No. 5042

AN ACT CONCERNING HEALTH CARE COST GROWTH

Good morning, Senator Lesser, Representative Wood, Senator Hwang, Representative Pavalock-D'Amato and members of the Insurance Committee. For the record, I am Victoria Veltri, Executive Director of the Office of Health Strategy (OHS). OHS' mission is to implement comprehensive, data-driven strategies that promote equal access to high-quality health care, control costs and ensure better health for the people of Connecticut. Thank you for the opportunity to provide comments in support of Governor's Bill 5042, *An Act Concerning Health Care Cost Growth.* This bill codifies the directives set forth in Governor Lamont's Executive Order No. 5 signed in January 2020, by addressing the state's unsustainable rate of growth of health care costs, the prioritization of primary care and the quality of health care.

The COVID-19 pandemic has brought pre-existing health inequities that disproportionately affect underserved populations both nationally, and here in in our state, to the forefront of our collective conscience.[i, ii] Each year, health disparities lead to significant financial burden as marginalized populations experience poor living conditions, manage chronic illnesses, and have more difficulty accessing quality, affordable health care services than other population groups. In addition, the annual growth rate of health care costs consistently outpaces growth in the Connecticut economy and impacts the ability of state residents to afford critical health care services and other basic needs. Through Governor Lamont's Executive Order No. 5 and, this session, the codification of this effort through Governor's Bill 5042, OHS is endeavoring to improve health care quality and affordability through benchmarking cost growth and quality, implementing primary care spending targets, and utilizing data to identify and address specific cost growth drivers and doing so through an equity lens.

OHS has conducted considerable stakeholder engagement – including consumers, providers, insurers, and employers - over the last two years to bring EO 5 to life, to begin the process of

collecting data and sharing that data through our multiple stakeholder groups and to test the process with providers and health plans. The legislature has invested in this work and many of you have participated in it through various forums and the public meeting process. Over the last two years, OHS has held over 60 public meetings[iii]—each of which includes public comment-- on our EO 5 work. HB 5042 cements the commitments to this high priority work and ensures OHS' ability to facilitate meaningful policy change to promote a more transparent, accountable and innovative health care system in Connecticut.

Specifically, HB 5042 requires the Executive Director of the Office of Health Strategy (OHS) to:

- Develop, innovate, direct, and oversee health care delivery models in the state that reduce health care cost growth and improve the quality of patient care;
- Set an annual health care cost growth benchmark and primary care spend target:
- Develop and adopt health care quality benchmarks;
- Develop strategies, in consultation with stakeholders, to facilitate adherence with developed benchmarks and targets;
- Enhance the transparency of provider entities;
- Monitor the development of accountable care organizations and patient-centered medical homes in the state; and
- Monitor the adoption of alternative payment models.

Health care spending represents nearly one-fifth of our national GDP, and the high prices of health services increasingly compromise consumers' and employers' ability to afford health care. OHS is cognizant of the stark reality that consumers are increasingly unable to absorb these cost increases. In general, our state's healthcare spending is among the highest in the country and is growing much faster than personal income. In 2009 and 2014, Connecticut spent more on personal healthcare spending per capita than almost any state – 3rd and 5th highest, respectively[iv]. In addition, since 2000, Connecticut worker contributions to employer-sponsored insurance premiums have grown two and a half times faster than personal income[v].

Connecticut is one of eight leading states addressing the unsustainable rate of healthcare cost growth by establishing per capita public spending growth targets, or benchmarks, for the state, payers, and provider networks. While setting a public target for healthcare spending alone will not slow the rate of growth, a benchmark establishes the expectation that healthcare spending will typically grow at a rational rate tied to the rate of state economic and income growth. The cost growth benchmark serves as the basis for the collection of detailed data across fully-insured and self-funded health plans, Medicaid, Medicare and other public payers to make transparent spending at the state, payer and provider network levels with the ultimate goal of protecting patients and employers from excess spending growth in a manner that ensures patient access to care.

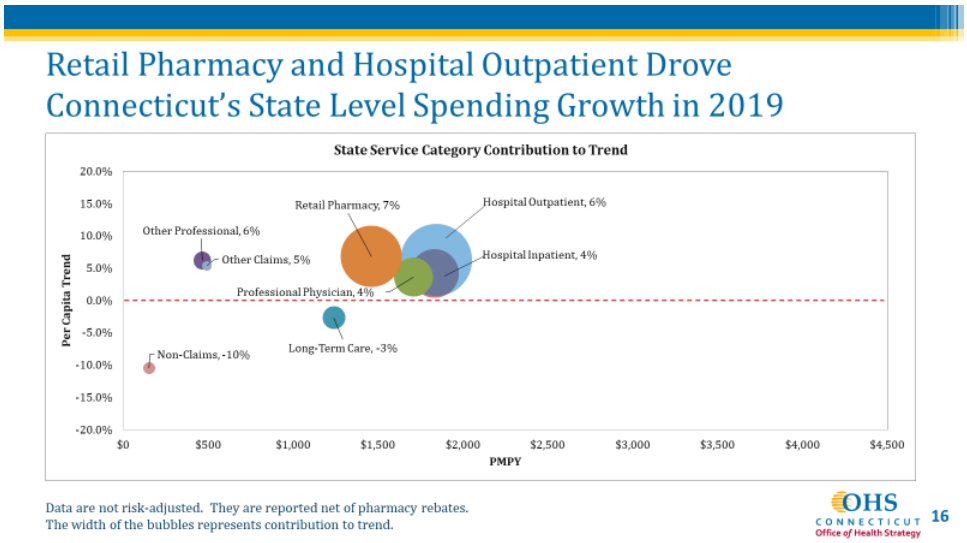
This proposal also codifies the establishment of a primary care spending target as a supplemental

strategy to the health care cost growth benchmarks, in line with at least four other states, and others who are now considering adopting such targets. As a participant in the Primary Care Collaborative's Investment Work Group, OHS works with directly other states that are committed to increased primary care investment. The primary care spending target aims to strengthen Connecticut's primary healthcare services system by establishing a goal for increasing statewide primary care spending as a percentage of total health care expenditures. Research has demonstrated that greater relative investment in primary care leads to better patient outcomes, lower costs, and improved patient experience of care. Combined, the cost growth benchmark and the primary care spending target will rebalance and strengthen the state's healthcare system to support improved primary care delivery while also encouraging slower rates of health care cost growth.

This ongoing work in Connecticut is supported by state investment and in part as part of the Peterson-Milbank Program for Sustainable Healthcare Costs, which provides technical assistance, limited financial support, collective learning, and best practice development via convenings with other states undertaking this work and with national experts.

To ensure the healthcare quality is maintained and improved, Connecticut became the second state in the nation to establish quality benchmarks. Quality benchmarks are targets which all public and private payers, providers and the State work to achieve to maintain and improve healthcare quality in the state. With the collaboration of OHS' Quality Council, OHS has developed a two-phased approach for quality measurement beginning in 2022; this proposal codifies these efforts.

Finally, understanding health care spending requires data analysis. OHS uses the term "data use strategy" to refer to its plan to purposefully leverage state and other publicly available data to achieve these objectives. OHS uses and will use the APCD and other publicly available data, including internal and external sources, to fulfill the aims of EO 5 and HB 5042 and other policy objectives of the office and the state. The initiatives codified in this bill, will shine a light on areas of spending, quality of care, and movement toward equity, so that the state, payers, employers and providers can take action. Concrete corrective action, however, requires understanding how high healthcare spending is, how it varies across the state, and what is driving spending growth. It also requires identifying variations in quality of care and how these patterns of cost and quality affect affordability, access, disparities, and quality of care for all Connecticut residents. As OHS continues to work with providers on collection of race, ethnicity and language data, we hope to stratify date in aggregate to more specifically drive this work forward through an equity lens. Below is an example of 2019 pre-benchmark data.



Now that Connecticut has taken the first actions by executive order, this bill is necessary to ensure a sustainable benchmark initiative program, guarantee access to data necessary to drive accountability, hold entities publicly accountable for meeting set benchmarks, and identify discrete, additional policy initiatives.

Thank you for providing me the opportunity to deliver OHS's testimony today. We look forward to your continued engagement in this work. If you have any questions concerning my testimony, please do not hesitate to contact Tina Hyde, Manager of External Affairs, at Tina.Hyde@ct.gov.

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[i] *Health Equity Data Analytics Policy Recommendations Report*, https://portal.ct.gov/-/media/OHS/docs/HEDA-Recommendations_-Sept2020.pdf (September 2020)

[ii] The Centers for Disease Control and Prevention has identified people most at risk for longer hospitalizations and premature death as those who have chronic conditions, are uninsured, distrust the health care system and therefore will not seek treatment, experience language barriers, are essential workers, do not have sick leave or live in densely populated areas. *Health Equity Considerations and Racial and Ethnic Minority Groups*. Centers for Disease Control and Prevention, https://www.cdc.gov/coronavirus/2019-ncov/community/health-equity/race-ethnicity.html?CDC_AA_refVal=https%3A%2F%2Fwww.cdc.gov%2Fcoronavirus%2F2019-ncov%2Fneed-extra-precautions%2Fracial-ethnic-minorities.html (July 2020)

[iii] Includes the following groups: Technical Team (15); Stakeholder Advisory Board (11); Quality Council (17); Primary Care and Community Health Related Reforms Workgroup (7); Primary Care Subgroup (8); and Healthcare Benchmark Initiative Steering Committee (4). Two of these meetings were joint meetings between the Technical Team and Stakeholder Advisory Board.

[iv] Centers for Medicare and Medicaid Services, State Health Expenditure Accounts, 2009 and 2014

[v] Medical Expenditure Survey, Tables D.1 and D.2 for various years

Stakeholder Outreach & Engagement Related to Healthcare Benchmark Initiative

Outreach & Webinars to Organizations/Groups:

Advanced Practice Registered Nurse Society

American College of Physicians – CT Chapter, Health & Public Policy Committee

Congregations Organized for a New Connecticut (CONECT)

Connecticut Association of Health Plans

Connecticut Business & Industry Association

Connecticut Chapters of the Academy of Family Physicians

Connecticut Chapter of the American Academy of Pediatrics

Connecticut Council on Developmental Services

Connecticut Hospital Association

Consumer Advisory Council

Council on Medical Assistance Program Oversight (MAPOC)

Eastern CT Health Collaborative

Keep the Promise Coalition

Hartford Healthcare

Health Care Cabinet

League of Women Voters

Ministerial Health Fellowship

Moving to Value Alliance

SoNE Health

State Health Improvement Planning Coalition (SHIP) Maternal, Infant and Child Health Action Team

United Way of Southeastern CT

Yale New Haven Health System

Payers: Aetna, Anthem, Cigna, Connecticare, Harvard Pilgrim, UnitedHealthcare

Listening Sessions and Focus Groups:

In 2021, OHS' Consumer Engagement division coordinated outreach to twenty-five patient and consumer organizations on the Healthcare Benchmark Initiative. Of that outreach, twelve organizations were successfully engaged with a total of 90 participants.

In 2022, listening sessions and focus groups on the Healthcare Benchmark Initiative will focus on and engage with multiple stakeholders including but not limited to Persons with Disabilities, Older Adults, Community Health Workers, LGBTQI+, Persons with Mental Health/Substance Use Conditions, Young Adults, Persons with Chronic Conditions, and Patient and Family Advisory Councils.

State Agency and Legislative Outreach

- OHS conducts monthly calls with Public Health and Insurance Committee leadership.
- OHS held an informational forum for legislators in October 2020.
- OHS collaborates closely with the Insurance Department, Department of Social Services, Department of Public Health, and Office of the State Comptroller